

State Transportation Commission

January 27, 2005



Gloria J. Jeff, Director
Michigan Department of Transportation

Overview

2005-2009 Five Year Transportation Program

- Listening Session Results
- Economic Benefits
- Government Performance Project Results
- Reauthorization Update

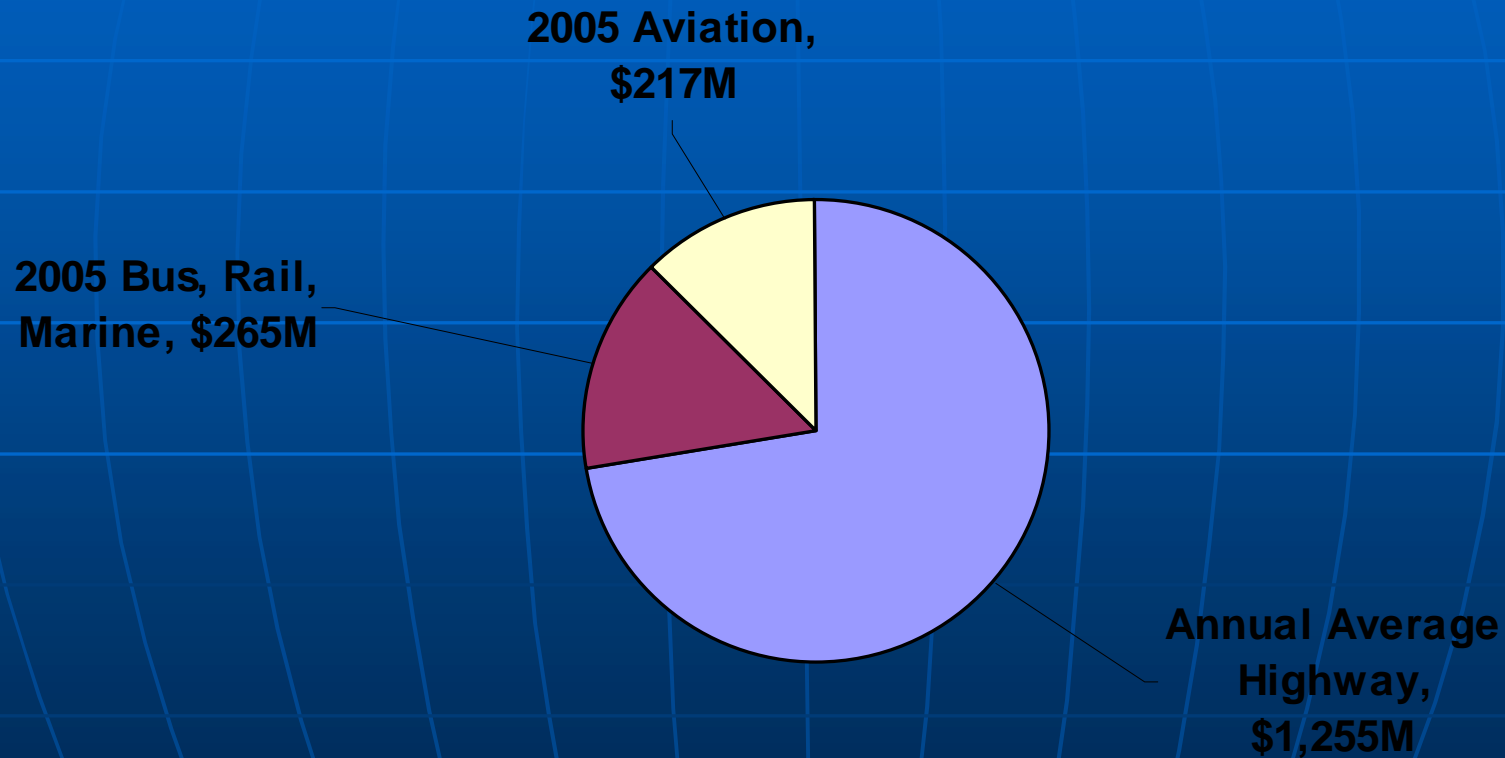
FY 2005-2009 Five Year Transportation Program

2005-2009 Five Year Transportation Program

- Multi-Modal Format
- 2005 Aviation, Transit, Rail, Marine/Port Programs and Major Projects
- 2005-2009 Highway Program and Project List
- Revenue Projections and Investment Strategies

MDOT's Transportation Programs

(Total = \$1.74 Billion Annually)



Program Timeline

Deliver Program to Legislature by February 1, 2005

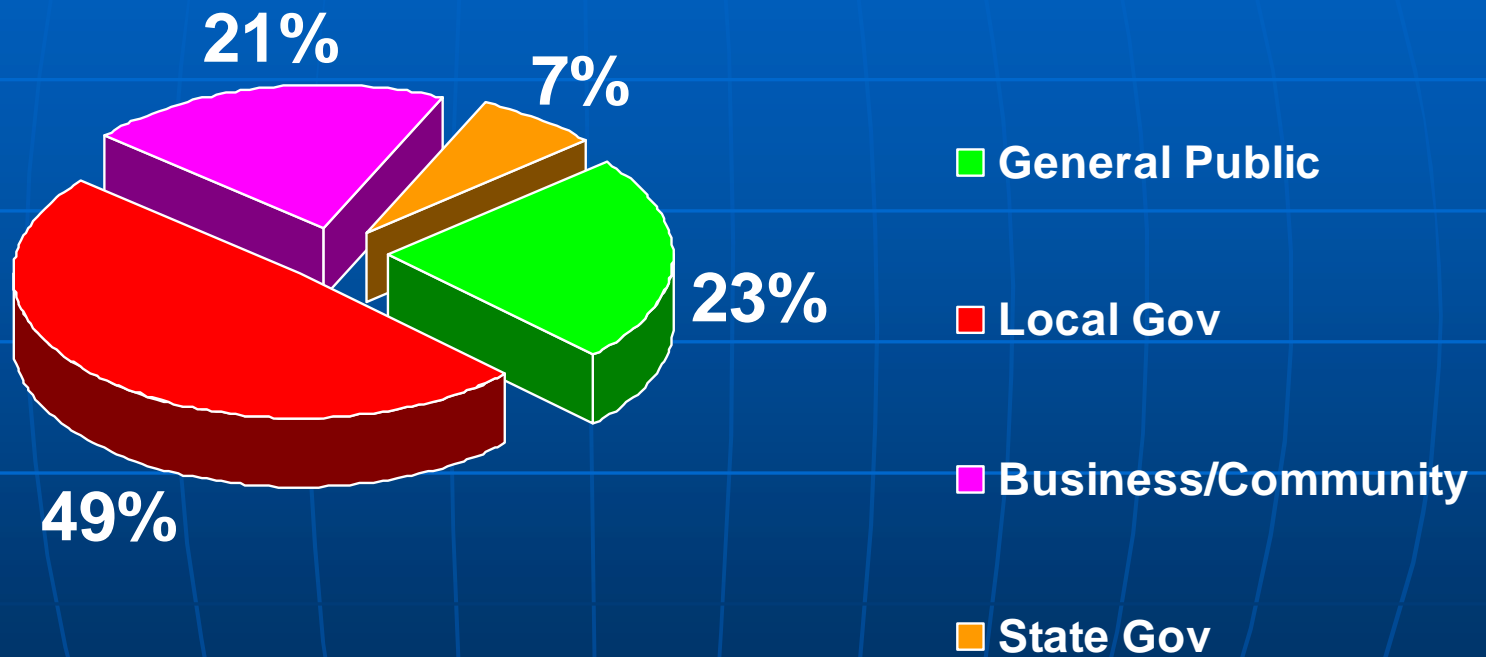
Summer/Fall 04	5 Year Transportation Program Development
October	System Condition Workshop with Commission – October 28, 2004
December	Draft 2005-2009 5 Year Transportation Program Presentation Special Commission Meeting – December 9, 2004
January 2005	Listening Sessions – January 5-21, 2005
	5 Year Transportation Program to Commission Meeting Final Approval – January 27, 2005
	5 Year Transportation Program To Legislature – January 28, 2005

Budgetary Reporting Requirements

Section 307

- Before February 1 of each year, the department will provide to the legislature, the state budget office, and the house and senate fiscal agencies its rolling 5-year plan listing by county or by county road commission all highway construction projects for the fiscal year and all expected projects for the ensuing fiscal years.

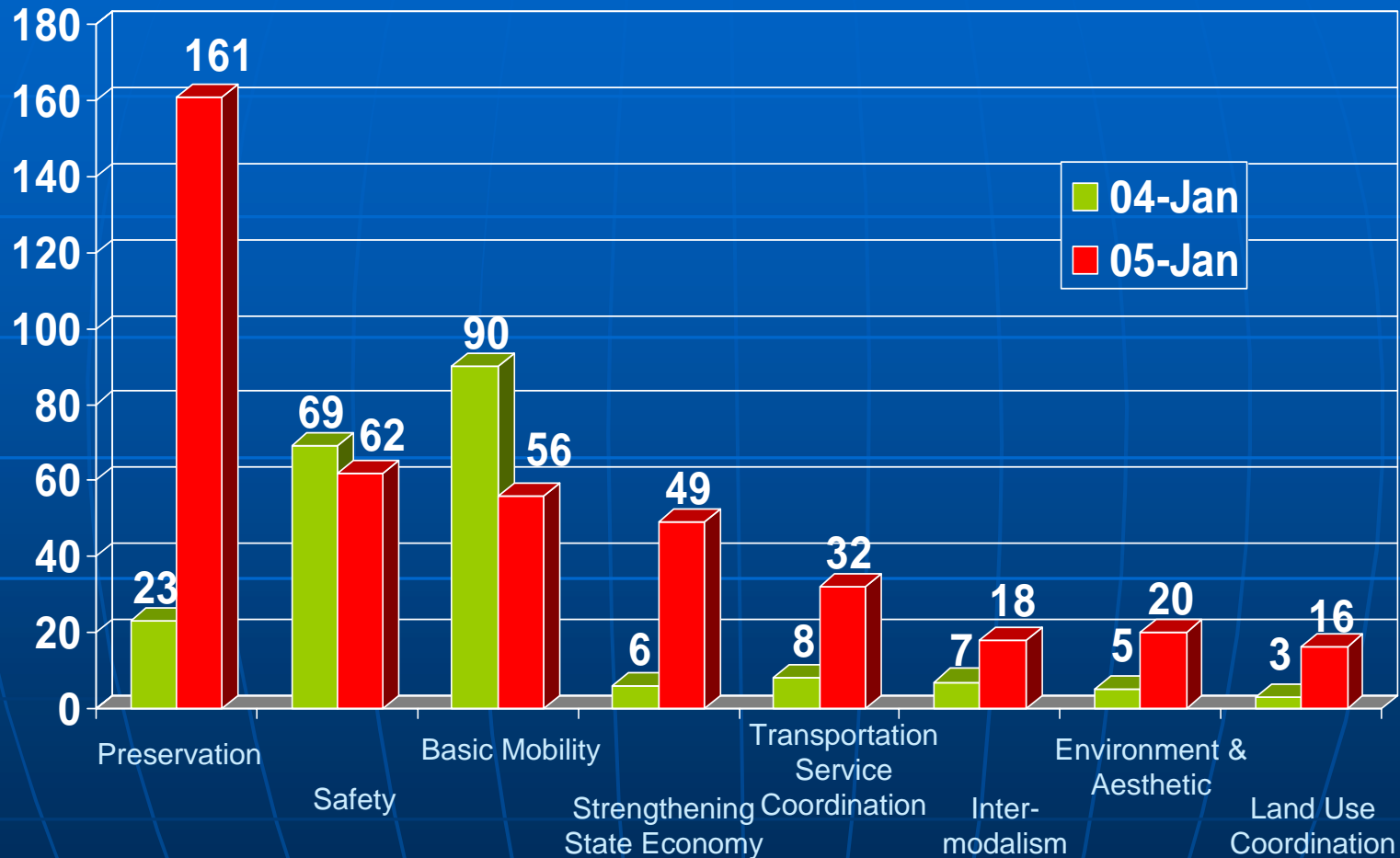
Listening Sessions



Listening Sessions

- Accomplishments
- Preservation First
- Calls for Freeway Upgrades
- Mixed Comments for Interchange Improvements
- Transit Funding/Rail Development

2005 Listening Sessions Distribution of Comments



State Long Range Plan Goals

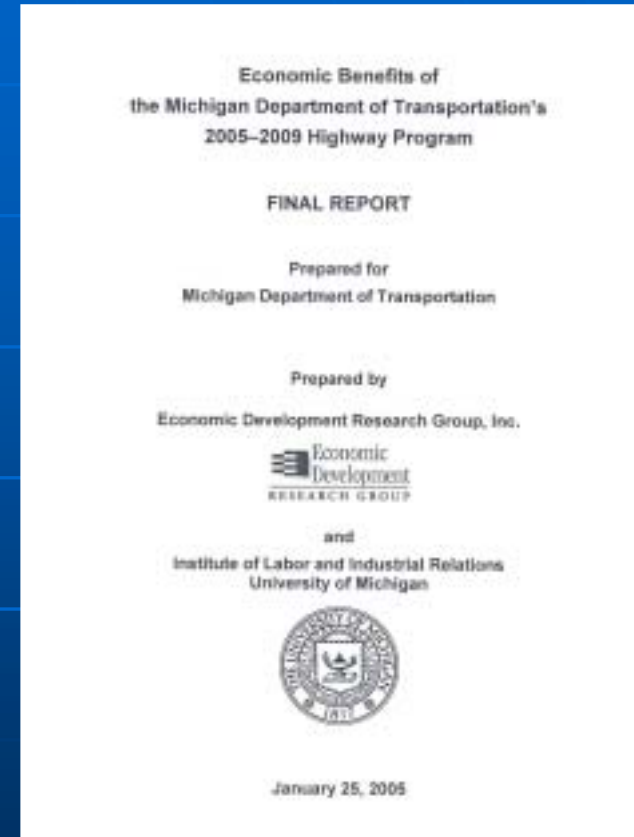
Economic Benefits



Economic Benefits Study Methodology

MDOT commissioned a study to assess the economic benefits of the 2005-2009 Five-Year Road & Bridge Program

- University of Michigan's Institute of Labor and Industrial Relations
- Economic Development Research Group



Economic Benefits Study Methodology

- Study utilized a regional economic model (REMI) to assess the economic impacts of the road & bridge program
- Assessed the implications on Michigan's macroeconomy, including specific benefits to Michigan's core economic sectors

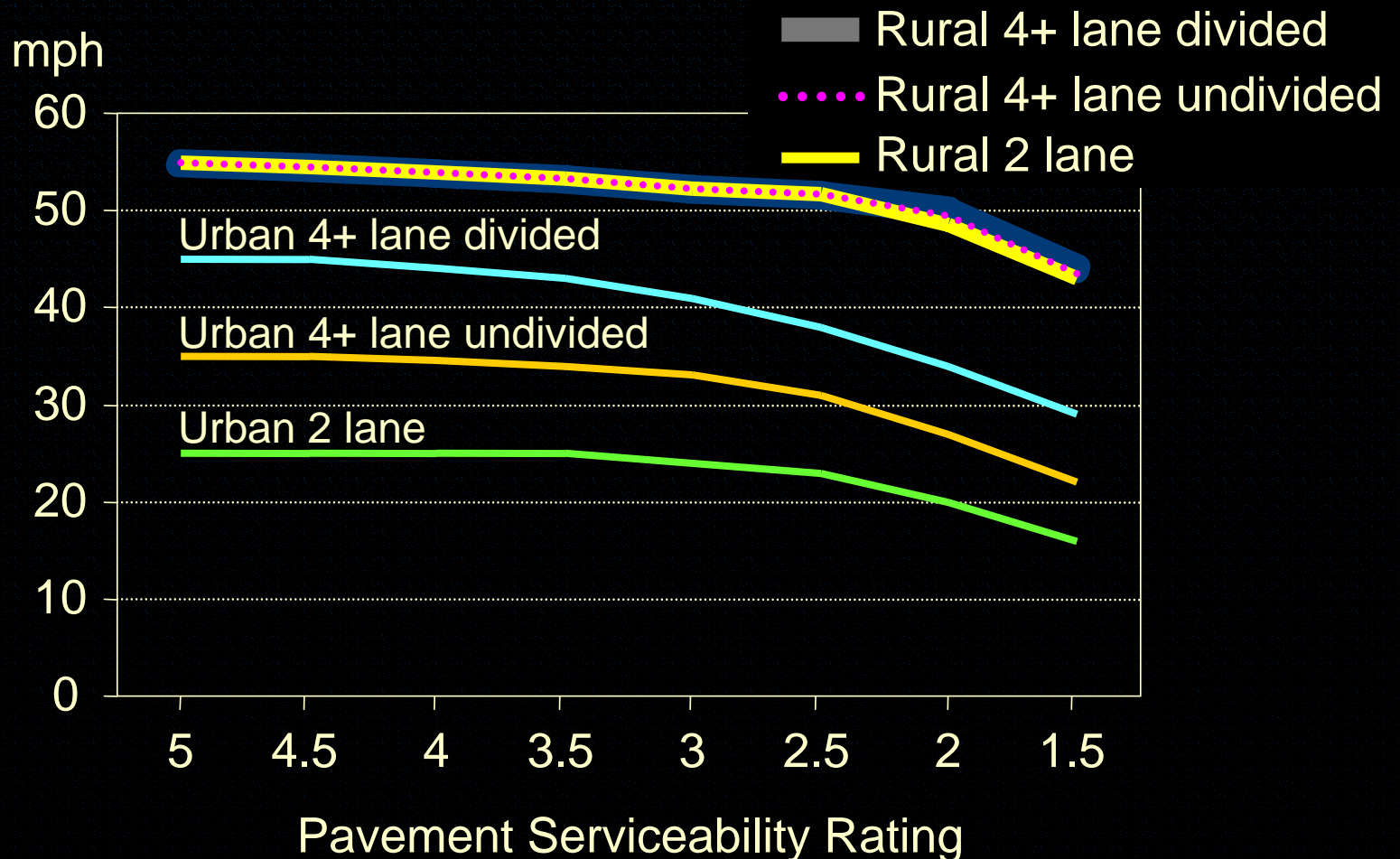
Economic Benefits Study Methodology

- **Two key inputs were used to assess the economic benefits:**
- **Input 1:**
 - **Type of Work?**
 - **Location of Work?**
 - **Who is Doing the Work?**

Economic Benefits Study Methodology

- **Input 2: Daily travel-time savings resulting from decreased congestion and improved pavement conditions**
- **Travel-time savings were captured by:**
 - **Assessing decreases in congestion**
 - **Assessing increased vehicle speeds**

Speeds decline noticeably as ride-quality declines to “poor” condition (2 ½ mph for free-access and 5mph for limited access)



Economic Benefits Study Methodology

- Results are shown in comparison with a base case (i.e., allowing the state's road and bridge infrastructure to wear down as a consequence of not funding MDOT's activities)
- Results include estimates of spin-off effects in addition to the program's direct effects
- **Direct effects + spin-off effects = Total effect MDOT's investment has on the economy**

Study Results

Economic Benefits of
the Michigan Department of Transportation's
2005–2009 Highway Program

FINAL REPORT

Prepared for
Michigan Department of Transportation

Prepared by
Economic Development Research Group, Inc.



and
Institute of Labor and Industrial Relations
University of Michigan



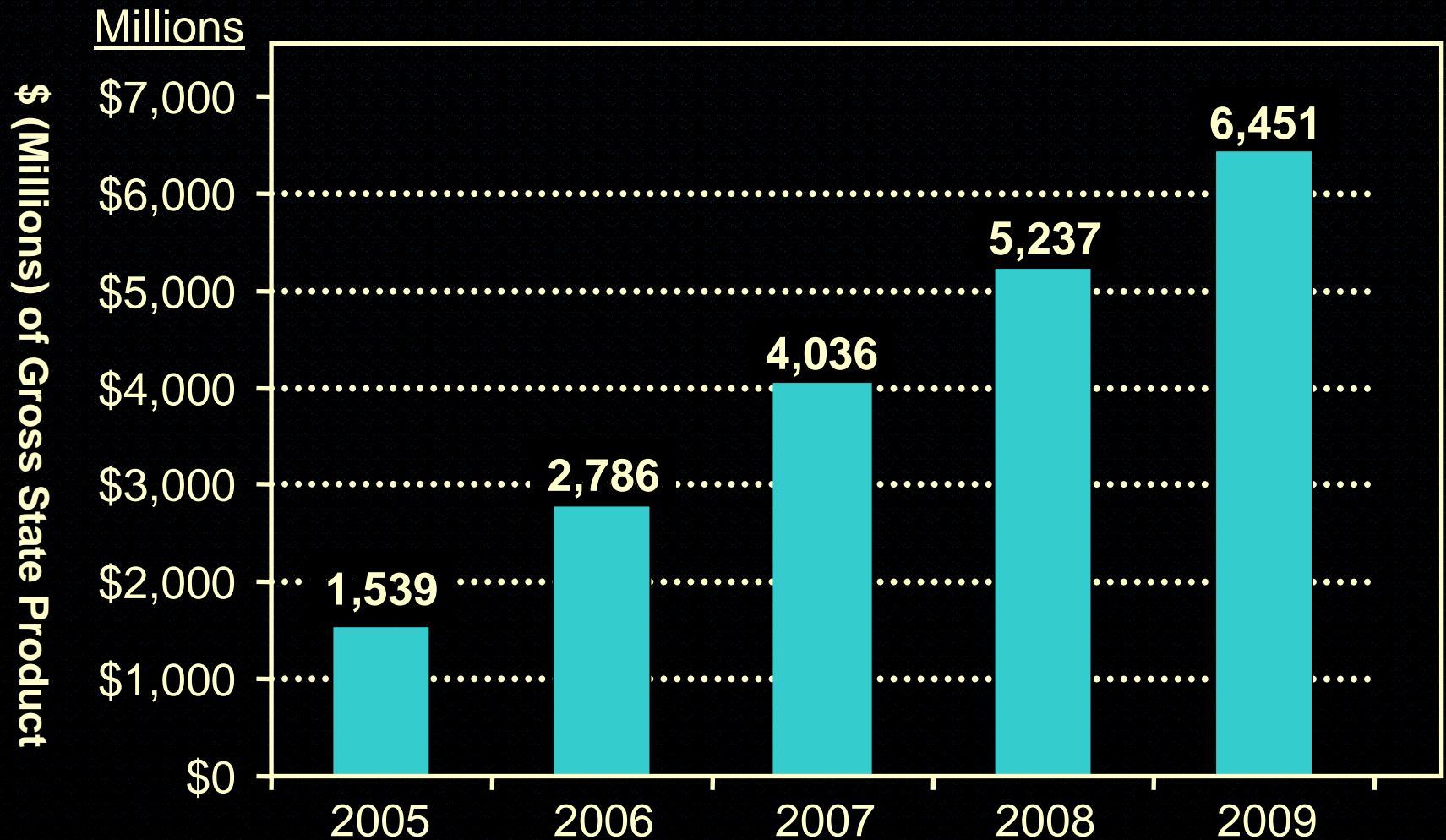
January 25, 2005

Annual Travel -Time Savings

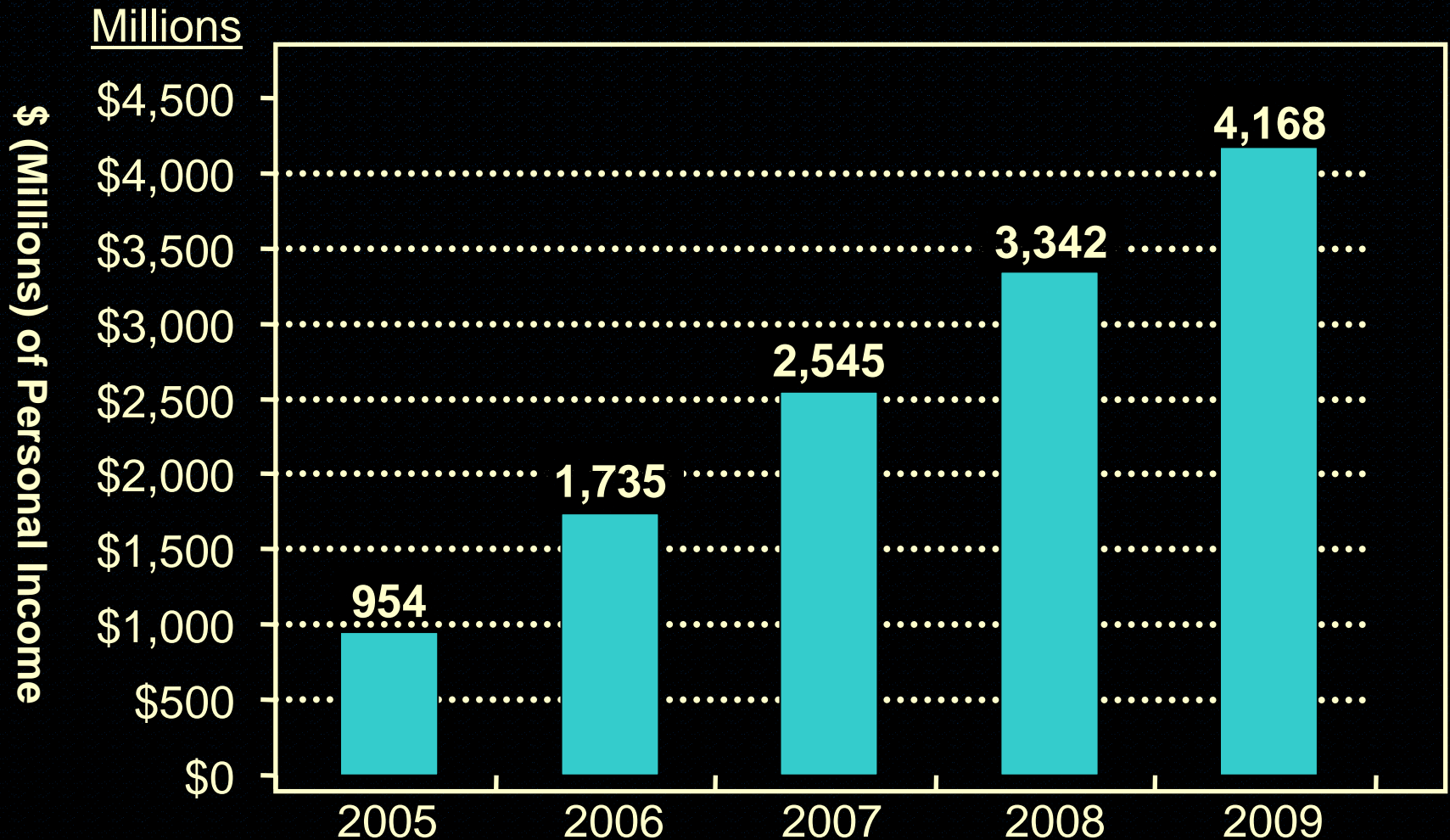
➤ Travel-time savings will provide:

- **Michigan households: savings worth \$21.7 million per year in 2005 and grows to \$57.6 million by 2009**
- **Michigan businesses: savings worth \$12 million in 2005 and grows to \$35 million by 2009**

MDOT's Road and Bridge investments generate \$6.5 billion in Gross State Product over the life of the 5-year plan



Over the life of the plan, MDOT's Road and Bridge investments accumulates to provide the state \$4.2 billion in personal income



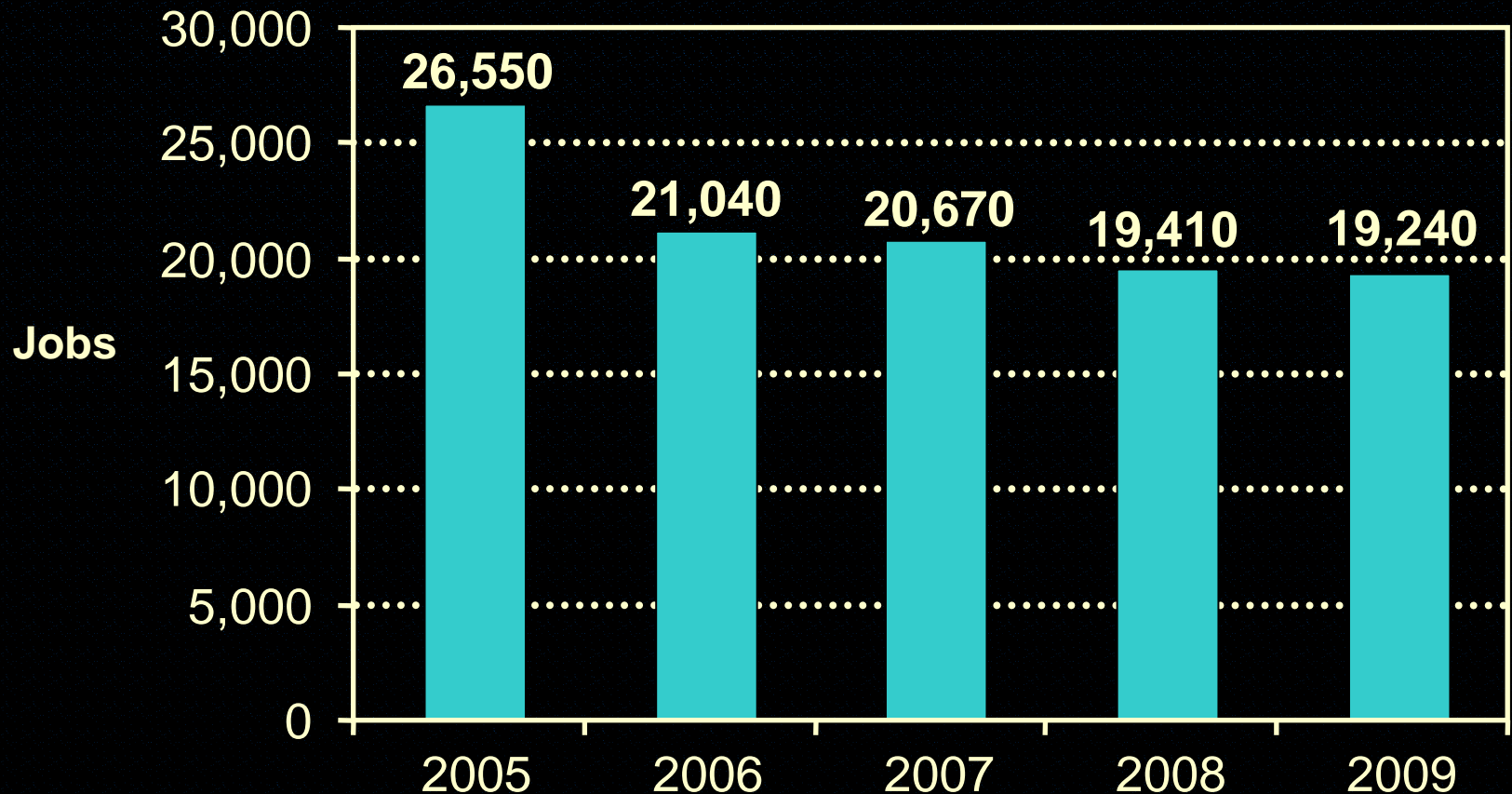
Over the life of the plan, MDOT's Road and Bridge Investments accumulate to support \$10.9 billion worth of total output

	<u>2005</u>	<u>2007</u>	<u>2009</u>	<u>Total 2005–09</u>
<u>Millions '04 \$:</u>				
Total Output	2,664	2,097	2,024	10,926
Gross State Product	1,539	1,250	1,214	6,451
Real personal income	954	810	826	4,168

(Changes compared with baseline forecast)



Job creation: MDOT's Highway Program will create 26,550 jobs in 2005



Of the jobs MDOT creates, approximately 60% are non-construction with a large portion consisting of technical jobs in the professional services and business sectors

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total employment	26,550	21,040	20,670	19,410	19,240
Manufacturing	1,012	810	796	771	775
Out-of-state tourism	295	228	225	213	213
Nonmanuf. except tourism	25,243	20,002	19,649	18,426	18,252
Construction	9,881	7,807	7,396	7,006	6,818
Professional services	4,693	3,535	3,442	3,112	3,052
Business services	1,270	995	986	940	948
Trucking	137	110	109	107	109
Other	9,262	7,555	7,716	7,261	7,325

MDOT's Road and Bridge Program will result in a reduction in Michigan's unemployment as good paying jobs are provided over the duration of the plan

	<u>2005</u>	<u>2007</u>	<u>2009</u>
Total Employment	26,550	20,670	19,240
Reduction in outmigration	5,454	2,639	1,775
Number unemployed	-20,992	-10,906	-7,310
Labor force	5,558	9,764	11,930

(Changes compared with baseline forecast)

Economic Value of Preserve First Initiative

- 90% of vehicle travel savings were associated with preservation type work.
- Preserve First Initiative is having a positive impact on Michigan's economy.



Job Creation Transit Capital & Local Bus Operational

- Transit capital and local operational systems support 11,333 jobs in 2005

(source: American Public Transit Association Study, Oct. 1999.)



Job Creation Aeronautics Program

- Aviation activities contribute \$10 billion annually
- Airport Improvement Program - 9,331 jobs in 2005



MDOT's Economic Benefits

MDOT's 2005 Transportation Program

- Creates 47,215 jobs for the State of Michigan
- Assists in reducing the state's unemployment and out migration rates
- Provides the backbone for all economic activity within the State of Michigan



Government Performance Project (GPP) Results

What is GPP?

- Year-long, comprehensive, independent analysis of how well each state government is managed
- Collaboration between Pew Charitable Trust and *Governing* magazine
- Research is conducted by team of academics and journalists using online survey of state managers, analysis of public documents, and interviews with legislators, elected officials, citizens, academics

Michigan's GPP Grade?

B+

**“...State is a leader in
public management.”**

Government Performance Project (GPP) Results

- Michigan's grade places it higher than all but six other states
- GPP report notes infrastructure management as a particular strength, citing statewide prioritization of road maintenance needs as an example

Government Performance Project (GPP) Results

- Entire report available online January 31 at www.governing.com

Reauthorization Update

TEA-21 Reauthorization Status

- Current extension expires May 31, 2005
- New legislative session will restart the debate

Michigan Actions

- Continued participation in SHARE
- Proposed HPP List of earmark projects
- Letter from Governor and Legislative leadership urging swift passage
- Letter from Director to Congressional delegation reminding them of priorities
- Reinstated the "ticker" on MDOT Web site

Reauthorization Priorities

- Adequate \$, increased rate of return, no reduction in scope
- \$ for Michigan's busy border crossings
- More capital \$ for bus systems which rely on reauthorization earmarks
- Flexibility for states to use \$ to address priorities as they identify them

National Actions

- SHARE updating its website and info packages for new members
- NGA has taken a position urging passage of a good bill
- Industry groups speaking up
- AASHTO "Get it Done" campaign

What to Expect

- Bills will likely be introduced with figures close to those from end of last session
 - \$300 billion nationwide, give or take some
 - Could mean as much as \$300 m more to Michigan annually, depending on bill

Congress has a full plate

- Reauthorization
- 2005-06 budgets
- Proposed Social Security revisions
- Homeland Security
- All that other legislation

Questions?